

STATUS OF THE HOOVER REPORT 1949-1953

*A Citizen's Guide to the Progress of Federal Reorganization
From Creation of the Original Commission on Organization
of the Executive Branch of the Government
to the End of the First Session of the 83d Congress*

VOLUME ONE

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WHAT THE CITIZEN WANTS TO KNOW

Background, Findings, and Results of the Hoover Commission Report

The Commission on Organization of the Executive Branch of the Government, now known as the Hoover Commission, was established by unanimous vote of the Congress under the Lodge-Brown Act, (Public Law 162 of the 80th Congress) on July 7, 1947. The duties assigned the Commission included:

- "1. Limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions.
- "2. Eliminating duplication and overlapping of services, activities, and functions.
- "3. Consolidating services, activities, and functions of a similar nature."

PAST STUDIES OF GOVERNMENT ORGANIZATION AND WHY THEY FAILED.

While the Hoover Commission's effort was the largest and most successful in our history, it was not the first. Similar studies had been undertaken by independent investigative bodies since the early days of the Republic. Since 1900, in fact, no less than eight reorganization studies had been conducted. Some accomplishments resulted from their work but none of them could be termed successful. Most outstanding was the Taft Commission of 1912 to which the important Budgeting and Accounting Act of 1921 may be attributed.

There were three principal reasons why these earlier endeavors at Federal Reorganization largely ended in defeat: (1) some of the Commissions were partisan in the political sense (2) some were completely Congressional in composition, so that their findings were not accepted in the Executive Branch and (3) similarly, some had been purely Executive Branch studies and had failed of approval by the Congress. These deficiencies rendered every such report easy prey to the fourth, and most formidable, obstacle to reorganization—the inherent opposition of

bureaucratic "pressure groups" with a vested interest in the *status quo*.

APPOINTMENTS TO THE COMMISSION.

With these factors in mind, Representative Clarence Brown drafted the Lodge-Brown Bill so as to make the new Commission clearly bi-partisan and fully representative of the Congress, the Executive Branch, and the public. Specifically the Act provided for appointment of an equal number of Democrats and Republicans, as Commission Members by:

1. The President. Harry S. Truman was authorized to appoint two officials of the Executive Branch and two private citizens, namely:

JAMES V. FORRESTAL, then Secretary of Defense (Democrat)

ARTHUR S. FLEMMING, then Member, U. S. Civil Service Commission (Republican)

DEAN G. ACHESON, then a private citizen and subsequently Secretary of State (Democrat)

GEORGE H. MEAD, Chairman of the Board, Mead Corporation (Republican)

2. The President Pro Tempore of the Senate. Senator Arthur Vandenberg was authorized to appoint two Senators and two private citizens, namely:

Senator JOHN L. MCCLELLAN (Democrat-Arkansas)

Senator GEORGE D. AIKEN (Republican-Vermont)

JOSEPH P. KENNEDY, former Ambassador to Great Britain (Democrat)

Dr. JAMES K. POLLOCK, Chairman of the Political Science Department of the University of Michigan (Republican)

3. The Speaker of the House of Representatives. Representative Joseph Martin was authorized to appoint two Members of Congress and two private citizens, namely:

Representative CARTER MANASCO (Democrat-Alabama)

Representative CLARENCE J. BROWN
(Republican-Ohio)

JAMES H. ROWE, JR., former Administrative
Assistant to President Roosevelt (Democrat)

HERBERT HOOVER, former President of the
United States (Republican)

Thus the Commission was equally composed of Democrats and Republicans with two from the Senate, two from the House, two from the Executive Branch, and six from private life.

The first meeting of the Commission was held at the White House in September, 1947. President Truman presided until the Commission selected its own officials. Former President Herbert Hoover was elected Chairman and Mr. Acheson Vice Chairman.

As Executive Director, the Commission chose Mr. Sidney A. Mitchell. Appropriations of about \$1.9 millions were obtained from the Congress to finance the studies. (Incidentally, the Commission "practiced what it preached." When it finished its work, it returned a small cash surplus to the Treasury—a procedure with no known precedent in the official Washington of the previous two decades.)

FORMING TASK FORCES OF EXPERTS.

The Commission began by enlisting 24 expert research groups which it called "Task Forces" to explore almost every major field of governmental activity. Serving on them were over 300 outstanding experts in the various technical fields studied, most of whom accepted no compensation. On the average the compilation of their reports required about one year.

In utilizing the Task Forces, the Commission followed a new technique in research. Once these groups were organized, they were given general "guide lines" and instructed to proceed independently upon their researches.

HOW THE TASK FORCES WORKED.

The Task Force on the National Security Organization illustrates this principle. Direction of the survey was undertaken by Ferdinand Eberstadt, former Vice Chairman of the War Production Board and a principal assistant to Secretary Forrestal in drafting the Unification Act of 1947. Mr. Eberstadt served as

Chairman of a 14-man Committee of experts including:

Dr. RAYMOND B. ALLEN, then President of the
University of Washington

Mr. THOMAS ARCHER, Vice President, General
Motors Corporation

Mr. HANSON W. BALDWIN, Military Commentator,
The New York Times

Mr. CHESTER I. BARNARD, President,
The Rockefeller Foundation

Dr. CHARLES W. COLE, President,
Amherst College

Mr. JOHN COWLES, President,
The Minneapolis Star-Tribune

Mr. JAMES KNOWLSON, President,
The Stewart-Warner Corporation

Mr. JOHN J. MCCLOY, then President of the
"World Bank"

Dr. FREDERICK A. MIDDLEBUSH,
President of the University of Missouri

Mr. ROBERT P. PATTERSON,
former Secretary of War

Rear ADMIRAL LEWIS L. STRAUSS,
Member, the Atomic Energy Commission

Mr. CARLTON WARD, JR. Chairman,
Fairchild Engine and Airplane Corporation

Gen. ROBERT E. WOOD, Chairman,
Sears, Roebuck and Company

Military advisors and consultants to the Committee included the following officers on inactive or retired status:

Lt. Gen. JAMES H. DOOLITTLE

Lt. Gen. IRA C. EAKER

General of the Army DWIGHT D. EISENHOWER

Col. OVETA CULP HOBBY

Admiral BEN MOREELL

Gen. CARL SPAATZ

Admiral JOHN H. TOWERS

The Eberstadt Committee engaged a staff of 24, heard 245 witnesses, held approximately 30 full meetings, and prepared a four-volume report covering every organizational aspect of our National Defense Establishment.

HOW THE COMMISSION WORKED.

Upon completion of the Task Force reports, each was considered carefully by the Commission. While these 24 reports were used in the preparation of the Commission's own reports to the Congress, the Commission did not consider itself bound by the recommendations of the Task Forces. Its task was, rather, to resolve them into what Chairman Hoover termed "an orderly pattern of government." Unstinting in its labors, the Commission often met three, and sometimes four, full days a week as the Reports neared completion.

Throughout the research period, the Commission worked in obscurity. To avoid involvement in politics, its findings were kept secret until after the Presidential election of 1948. Some of the reports of the Task Forces were made public in late November and December of 1948. No formal action was taken, however, until January 13, 1949. Then the Commission sent to the 81st Congress a Message requesting that a Reorganization Act be enacted.

THE COMMISSION'S FIRST FORMAL RELEASE.

In this initial Message, the Commission urged that the President be given power to submit Reorganization Plans to Congress with these words:

"The nation is paying heavily for a lack of order, a lack of clear lines of authority and responsibility, and a lack of effective organization in the Executive Branch."

This led to enactment, four months later, of the Reorganization Act of 1949, widely recognized as the strongest and most workable reorganization tool ever placed in the hands of a President by the Congress. (See Page 8).

On February 7, 1949, the Commission submitted to Congress its findings on *General Management of the Executive Branch*, the first of its 19 reports. Soon it was sending a rapid series of reports, roughly two per week, forward to Congress, with its *Concluding Report*, transmitted in May of the same year.

The official Commission reports alone amounted to over 1,000 pages of text. With them were submitted the 24 Task Force Reports and a vast deal of unpublished supplemental studies. All told, the Com-

mission produced 5,000,000 words, by far the most thorough study of government ever undertaken by man.

In the reports, 273 recommendations were made, requiring over 300 specific actions for accomplishment by Congress or the Executive Branch through one of three methods:

35 per cent called for administrative action.

These required no law. The President and Department heads have always had authority to make certain changes, if they will. For example, modern mechanized accounting machines can be installed in place of antiquated handwritten ledgers without legislative authorization.

25 per cent called for Presidential "Plan".

The Reorganization Act of 1949 (described on Page 8) enables the President to submit to Congress plans for realigning agencies and functions.

40 per cent called for new legislation. To get real reforms in the long-established big departments of government, sweeping changes in law are usually required. A great body of law already surrounds the operation of such Departments as the Post Office and Agriculture. To take another type of action, in budgeting and accounting it was necessary specifically to repeal a total of 106 laws, all badly tangled. One important law, for example, dated back to 1844—with amendments in 1865, 1871, and 1921.

BASIC CONCLUSIONS: OVERLAPPING, DUPLICATION, WASTE, NEAR-CHAOS.

The 19 Reports made it clear that the organization of the Executive Branch was nearing chaos. There were too many agencies. Lines of authority were tangled. Responsibility had not been properly affixed. Duplication of endeavor was widespread. Appalling waste was the result. In fact, this ramshackle structure of 1812 Departments, Boards, Bureaus, and other units had become so large and so complex that it almost defied intelligent analysis.

The status of the Commission's recommendations are set forth in Volume Two. Following are a few of the more dramatic facts (as of 1948) which brought the Commission's message home to citizens:

- **General Management.** Sixty-five major agencies, some of them bigger than General Motors, reported directly to the President. If he gave but one hour a week to the supervision of each, he would work a 65-hour week with little time left for problems of policy or affairs of state.

- **Personnel.** Federal turnover averaged 26% per year; some 500,000 employees left their jobs annually. Yet in one case the Government had expended over \$500,000 in a fruitless effort to fire a single employee.

- **General Services.** The civilian agencies were spending over \$10 in clerical work on a simple purchase order. Yet half of these orders—1,500,000 a year—were for sums of less than \$10.

- **Post Office.** The basic organization of this Department had not been changed since 1836; the average age of 10,000 postal vehicles was over 15 years; it was costing the Government 2½ cents to print and deliver a penny post card; the Post Office's books were maintained by another agency of the Government 500 miles from Washington in Asheville, North Carolina.

- **Foreign Affairs.** While the State Department was charged with conducting foreign affairs, 45 other agencies were engaging in foreign activities. Appropriations for the Department in 1948 were 12 times as large as they had been 10 years before.

- **Agriculture.** One Missouri farmer received conflicting advice on the use of fertilizer from five separate agencies in the Department of Agriculture.

- **Budgeting and Accounting.** For some important types of Federal accounting, the Government was maintaining four separate, distinct and duplicative sets of books. Because of obsolete laws, freight carloads of old vouchers were being shipped to Washington for detailed audit; under modern methods, a simple "spot check" in the field would suffice.

- **National Security Organization.** At the end of World War II, Army statistics showed 25,000 tanks on hand; yet the Army could account to the Task Force for only 16,000 tanks. Because of an arithmetic error, one military budget item was \$30 millions higher than the amount actually requested.

Military budgets were "padded" disgracefully. Competition for appropriations among Army, Navy, and

Air Force was unbridled. In preparing the 1945 budget the three services demanded sums twice as large as the President authorized them to request.

- **Veterans' Administration.** The Veterans' Administration was taking 4 times as long as private companies to pay insurance claims to veterans' dependants (and using 5 times as much manpower per policy); VA once issued 994 pages of complicated instructions and directions to explain an 8½-page law.

- **Commerce.** The Federal Barge Lines, organized 31 years before in World War I as a temporary expedient, had been operating ever since at an almost continuous deficit.

- **Treasury.** Important inconsistencies often occurred in the Treasury's own Daily Statements. The Internal Revenue Bureau was riddled with politics. (Congressional inquiries later revealed that "irregularities" had occurred in 31 of the Bureau's 64 offices.)

- **Regulatory Commissions.** One regulatory commission took an average of 1,008 days to handle each of 11 major new cases.

- **Labor.** There were more Federal labor activities outside of the Department of Labor than in it.

- **Interior.** The resources agencies of the Federal Government were building, or planning to build, public works which could cost \$52 billions; a sample list of Army Engineers' projects showed that originally estimated costs of \$2.6 billions had increased to \$5.9 billions during construction. At Hells Canyon, Idaho, the Army Engineers and the Corps of Reclamation had conducted separate surveys—at a cost of approximately \$252,000 each—for dam sites less than two miles apart. Their cost estimates were \$75 millions apart.

- **Indian Affairs.** There were 12,000 Indian Bureau employees administering the affairs of 393,000 Indians—one Federal employee to each 32 Indians. Less than 25 percent of the 393,000 were full-blooded Indians.

- **Medical Activities.** Five large, and 30 smaller, Federal hospital systems went their separate ways "with little knowledge of and no regard for" one another's operations. New hospitals were sometimes built in areas where others stood empty. Others were

built in remote places where neither patients nor physicians could use them.

● **Business Enterprises.** The Government permitted many Federally-owned business enterprises to borrow money without interest from the Treasury and then invest the same funds in Government Bonds. This put the Government in the position of borrowing its own money and paying interest on it.

The Reconstruction Finance Corporation was making loans to such enterprises as (a) a pet hospital, (b) a juke box operator, (c) a snake farm, (d) a beauty parlor, (e) an interior decorator.

AN ENTHUSIASTIC PUBLIC RESPONSE.

Whereas all its predecessors had perished quietly in the dusty pigeonholes of Washington, the Hoover Report met with widespread public acclaim. Citizens were becoming increasingly conscious of the impact of Big Government on their daily lives. This table dramatizes the contrast wrought by less than 20 years of depression, war, and cold war:

	<u>1931</u>	<u>1949</u>
Federal Taxes Per Average Family	\$113	\$1076
National Debt Per Capita	\$135	\$1722
National Debt Per Average Family	\$527	\$6716

The Hoover Report was specific and understandable. It pointed to the "wasted one dollar in ten" of federal expenditures and showed ways by which, according to task force estimates, \$3 to \$4 billions a year could be saved. Throughout the country press and public applauded the Commission and demanded action.

OPPOSITION ARISES FROM BUREAUS AND "PRESSURE GROUPS."

Dissenting voices soon were heard, however. These came first from the heads of Federal agencies and bureaus. Said one:

"The existing and long-standing organizational position . . . (of this agency) . . . has been satisfactory and it is doubtful if it can be improved upon."

This unfavorable reaction of a large part of the bureaucracy was reflected in that of some private associations of the sort known on Congressional Hill as

"pressure groups." While professing to favor reorganization, at least 100 of these groups entered objections to specific recommendations of the Commission.

ORGANIZATION OF THE CITIZENS

COMMITTEE FOR THE HOOVER REPORT

In May 1949 an unprecedented new movement took form. Good citizens, Democrats and Republicans alike, from Coast to Coast, joined in the formation of a voluntary, non-profit group formally called the Citizens Committee for Reorganization of the Executive Branch of the Government, more generally known as "The Citizens Committee for the Hoover Report." Its purpose was public education in support of the recommendations of the Hoover Commission.

Dr. Robert L. Johnson, President of Temple University of Philadelphia, gave strong leadership to the new Committee as National Chairman. Its Board of Directors included outstanding Democrats and Republicans and leaders of civic, business, labor, agriculture, education, and women's organizations.

As Commission Chairman, Mr. Hoover gave encouragement to the Citizens Committee and while President, Mr. Truman wrote an official letter of endorsement. Within a year some 300 state, county, and community Citizens Committees sprang up from Coast to Coast. The nation's press gave enthusiastic backing to their program.

Soon, it seemed, Americans were "going back to school" in earnest to study the long-neglected phenomenon of Big Government. Through books, booklets, pamphlets, editorials, speeches, radio programs, television, advertisements, and films, citizens were becoming aroused to the need for action on the Hoover Report. Resolutions were passed by the thousands. At national conventions, at state-wide meetings, in school halls and church basements, speakers told the story of the Report in simple, human terms.

Best of all, the Congress responded warmly to this remarkable civic awakening. In Senate and House generous praise of the Citizens Committee came from leaders of both parties. Congressmen, long harassed by organized pressures from groups seeking appropri-

ations for special purposes, were greatly heartened by the appearance of "a pressure group against pressure groups" composed of citizens who asked nothing for themselves but much for the nation.

In its four most active years, from 1949 to 1952, the Citizens Committee compiled a remarkable record of achievement. The greatest value of its work, however, lay in the field of public information. Mr. Hoover, in March 1952, told the assembled Citizens Committees: "You have given the nation about the widest-spread education in civil government that it has had since the Constitution was under debate."

SIGNIFICANCE OF THE REORGANIZATION ACT OF 1949.

In response to the first request of the Commission, supported by the Citizens Committee, the Congress passed the Reorganization Act of 1949 — despite strong opposition. Previous Reorganization Acts (in 1932, 1934, 1939 and 1945) had been emasculated by clauses "exempting" certain agencies from their provisions. No Agency escaped the purview of the 1949 Act.

This Act, signed on June 20, 1949, provided that the President could submit Reorganization Plans to the Congress and that these Plans would have the effect of law—unless vetoed within 60 days by one more than half of the full membership of *either* the House or the Senate.

In effect, the Act gave the legislative initiative to the President and the veto power to the Congress, a reversal of the usual procedure. Students of government hailed the Act as the best of its kind to date. Events have borne them out as this table shows:

REORGANIZATION PLANS

	Submitted	Disapproved	Approved
1949	7	1	6
1950	27	7	20
1951	1	0	1
1952	5	3	2
1953	10	0	10
Total	50	11	39

(The expiration date of the 1949 Act was March

31, 1953. In the early days of the Eisenhower Administration the Act was renewed without change, giving the new President the same powers as his predecessor, until 1955.)

THE SCORE: 72 PERCENT OF RECOMMENDATIONS ACCEPTED

In addition to the Reorganization Plans submitted by Presidents Truman and Eisenhower over the four-year period, there were before the Congress during most of that time some 100 bills embodying various recommendations of the Commission. Many of these bills were totally neglected. Others were given hearings before Congressional Committees. Nearly 200 hearings were held, in fact, on the Plans and the bills taken together. A number of the bills finally came to a floor vote—not always successfully. By the end of the 1953 session, however, 58 of the bills had been enacted as public Laws.

Thus, counting the 39 approved Presidential Plans, there were 97 legislative enactments attributable to the Hoover Commission's Report in the years from 1949 through 1953. These amounted to about five percent of the total legislative output of the 81st, 82d, and 83d Congresses.

Many other Hoover Commission recommendations were adopted by administrative action, not requiring legislation. These are taken into account in the "score-keeping" process which shows that of the 273 specific recommendations of the Hoover Commission, 196, or 72 percent have been adopted and are being put into effect today.

MAJOR LEGISLATIVE ACHIEVEMENTS

As examples of legislative action of basic importance, ten measures stand out among the gains attributable to the Hoover Commission. Stated in terms of results they are:

1. Better teamwork in the armed services was greatly hastened by the Unification Act of 1949 and it paid off in the Korean action.
2. More efficient "housekeeping." The new General Services Administration combined four previous agencies. It rapidly went about cutting

out duplication and waste in Federal purchasing, storage, inventory control, records management, and building operations.

3. Internal reorganization of the State Department clarified staff responsibilities and expedited action materially.
4. A modernized Budgeting and Accounting system paved the way to the greatest Federal fiscal advance in three decades.
5. The Labor Department was rebuilt to Cabinet stature.
6. Modernized accounting procedures were initiated in the Post Office Department, eliminating much delay and duplication.
7. The corruption-ridden Bureau of Internal Revenue was taken out of politics.
8. A new Department of Health, Education and Welfare was established.
9. The Department of Agriculture was reorganized and many of the Commission's proposals for that department were put into effect.
10. Airline subsidies were separated from payments for the carriage of mail.

MAJOR ADMINISTRATIVE GAINS

Legislative action was often the preface to substantial management improvement in many areas of the Executive Branch. In other cases, agency heads took the initiative in cutting "red tape" and reducing operating costs. In this process, the mere existence of the Hoover Report served as a stimulus to economy and efficiency. Nearly every agency reported its gains to the Citizens Committee whose files abound today in concrete examples of better management. Some interesting illustrations follow:

General Services. By moving a veritable mountain of records and documents into an old war plant, the General Services Administration made office space for 10,000 employees in Washington alone. Since this occurred just before the Korean action, the space was needed. Thus a substantial saving was made in time, materials, and manpower as well as in dollars . . . General Services has been whittling away at the cost of procurement. The "ten-dollar purchase order for the fifty-cent typewriter ribbon" is becoming a thing of the past, thanks to simplified forms and filing procedures . . . Savings of \$4 millions a year were

accomplished by surveys of supply operations . . . The General Services Administrator unearthed one agency with a 93-year supply of fluorescent light bulbs, another with a 247-year supply of looseleaf binders . . . Had there been no Hoover Commission, there would have been no GSA to make such discoveries.

Interior. In the Bureau of Land Management, a program for speedier service was undertaken with these results: Service complaints decreased from 300 to 30 per month . . . The workload in one section was increased from 23 applications per average employee to 95 per employee by eliminating unnecessary steps in handling . . . In a similar study, the number of cases closed per employee per year was raised from 50 to 250.

Department of Defense. Perhaps the greatest gains resulting from the 1949 Unification Act were non-monetary. The Act came just in time to facilitate the Korean effort, an unparalleled example of inter-service teamwork both in the combat zones and behind the lines. In a matter of weeks, the supply lines were pumping men and material into Korea in a volume equal to that of the African invasion of World War II—which took 18 months to organize . . . Army, Navy, and Air Force ships and planes quickly merged operations, waiving command distinctions, in fast-moving unified air and sea transport systems. These also rushed wounded men directly back to hospitals in Japan and the United States—and on the way they received plasma from a unified blood bank system.

General of the Armies Douglas MacArthur said of the early Korean operation: "I do not believe that history records a comparable operation which excelled the speed and precision with which the Eighth Army, the Far East Air Force and the Seventh Fleet have been deployed to a distant land for immediate commitment to major operations . . ." And in this view, the top commanders of all three services concurred.

On the "business side" of Defense Administration, the Hoover Report touched off a hunt for operating economies which produced some worthwhile gains. For example: The number of administrative vehicles in use was reduced by 34,380 at a saving of \$20 millions a year . . . This released 2,136 chauffeurs for reassignment at an annual saving of \$5 millions . . . By adopting the Navy's "incentive" system of uniform

issuance, the Army and Air Force made savings estimated at \$147 millions in the first year. . . . Real economies are expected from work now in progress to standardize military supply catalogs. To cite one example, 5,000 different listings of wrenches have been reduced to 330. . . . These and scores of similar discoveries pointed the way to the vast economies which can be realized if they are pursued aggressively, just as Korea revealed the great potentials of unified direction if the will to hasten the process is firmly and consistently maintained.

In other areas some exemplary cases include: Adoption of the "program" approach in federal budgeting. This gives a clearer picture of the end purposes for which funds are appropriated as well as the sums requested for specific items. The Hoover Commission chose the Bethesda Naval Hospital as an example of the need for this reform. The Commission pointed out that the budget told how much would be spent for bandages, medicines, and some ten other items but nowhere did it tell how much it would cost to run Bethesda. . . . Post Office accounting was considerably modernized. The Post Office's books had previously been kept by another agency in Asheville, North Carolina, far from Washington. . . . A net decrease in the Post Office budget of nearly \$40 millions a year has been made possible by authorizing the Department to set the rates on certain special services and make them self-supporting. These include registered, insured, special delivery, and c.o.d. mail.

Opinion varies as to the actual total economies which have been made possible by the Hoover Report over all. The task force reports of the Hoover Commission, however, indicated possible savings of approximately \$3 billions a year, based on expenditures then running at about \$42 billions a year. The Citizens Committee estimated that eventual annual savings of as much as \$4 billions will be made when

the Hoover Commission recommendations so far adopted can be fully applied. Whatever their amount, these savings have been obscured by increases in the budget, now running at about \$72 billions, as a result of the Korean war, rearmament, and mutual security.

"UNFINISHED BUSINESS OF THE HOOVER COMMISSION"

No action has so far been taken on 77 of the 273 recommendations of the 1949 Hoover Report. Of these, about 11 may be classified as obsolete. The remainder are pertinent though some, of course, are minor. Others are even more important today than they were when the Report was issued. Chief among these are:

1. Reducing the number of agencies reporting directly to the President.
2. Unification of federal medical services.
3. Elimination of inter-agency competition in the field of natural resources.
4. Unification of the management of public lands.
5. Improvements in the Veterans Administration.
6. Further improvements in accounting and appropriations procedures.

Among other unenacted proposals of importance are these: (1) taking Postmasters, Collectors of Customs, and U. S. Marshals out of politics; (2) merging Civil Servants in the State Department with the Department's Foreign Service personnel; (3) substantive policy changes in the conduct of the nation's agricultural affairs; (4) establishing an Accountant General in the Treasury; (5) placing the Federal Deposit Insurance Corporation and the Export-Import Bank in the Treasury; (6) transferring the Bureau of Indian Affairs from the Interior Department to the new Department of Health, Education and Welfare.

THE TASK AHEAD

The Second Hoover Commission and Its Assignment

Reorganization is a never-ending process. In any enterprise, constant vigilance is required to guard against waste and duplication. In government, the task is doubly important, and doubly difficult, because the yardsticks by which a private business can measure efficiency and economy are usually lacking.

Many said "it couldn't be done," in fact, until the first Hoover Commission reversed the long record of failure attending previous efforts at reorganization. Now it is fully established that great strides can be made when thorough, objective research is undertaken on a bipartisan basis and when the Congress, the Administration, and the public agree, in the same spirit, on a determined program of action.

As a result of the Korean action, new problems have arisen. Since the original Commission completed its studies, the federal budget has virtually doubled. Old problems have been complicated. Some of the most important recommendations of the original Commission remain unenacted. Today, however, the accent is on economy and efficiency. The unchecked growth of an overwhelming bureaucracy is no longer regarded as inevitable.

Continuation of the reorganization process was assured on July 10 of this year when President Eisenhower signed the Brown-Ferguson Act by which Congress unanimously created the second Commission on Organization of the Executive Branch of the Government. It was doubly assured when the personnel of the new Commission was announced:

*Representative CLARENCE J. BROWN (R.-Ohio)
Honorable HERBERT BROWNELL, JR., Attorney
General of the United States

Honorable JAMES A. FARLEY, former Postmaster
General

Senator HOMER FERGUSON (R.-Mich.)

*ARTHUR S. FLEMMING, Director, Office of Defense Mobilization

Representative CHET HOLIFIELD (D.-Calif.)

SOLOMON C. HOLLISTER, Dean, Cornell University School of Civil Engineering

*Honorable HERBERT HOOVER, former President of the United States

*Honorable JOSEPH P. KENNEDY, former Ambassador to Great Britain

*Senator JOHN L. MCCLELLAN (D.-Ark.)

SIDNEY A. MITCHELL, Executive Director of the First Hoover Commission

ROBERT G. STOREY, Dean, Southern Methodist University School of Law

*Member of the first Hoover Commission

Between the new Commission and the old there is one outstanding difference. Whereas the first Commission confined itself to problems of organization and management, the 1953 study is fully empowered by Congress to ask not only how well a governmental function is performed but whether it should be performed at all. It has every authority to scrutinize an agency and determine whether or not it is unnecessarily competing with private enterprise. It can question federal policies and even recommend new policies in every area in which government operates today.

The Commission will submit interim reports from time to time, and will submit a comprehensive report of its activities and the results of its studies to the Congress before December 31, 1954. Its final report is due not later than May 31, 1955, at which date the Commission ceases to exist. The Final Report of the Commission may propose such constitutional amendments, legislative enactments and administrative actions as in its judgment are necessary to carry out its recommendations.

INTERGOVERNMENTAL RELATIONS COMMISSION ALSO CREATED

Of great importance also is the new Commission on Intergovernmental Relations, created by the Taft-Halleck Act, and also signed into law by President Eisenhower on July 10. This Commission will be headed by Clarence E. Manion, former Dean of the

Notre Dame University Law School. Its membership of 25 will include outstanding students of Federal-State problems. The creation of this Commission was recommended by the original Hoover Commission. The new group will address itself to one of the knottiest problems of government today, namely the overlapping of Federal-State functions and expenditures. There are now more than 30 grant-in-aid programs involving expenditures of well over \$2 billions a year. This haphazard growth has occur-

red without plan or pattern. The rights of the states have been invaded in many cases.

The Commission on Intergovernmental Relations is required to make its final report to the President for transmittal to Congress not later than March 1, 1954, with recommendations for legislative action. Its findings are expected to "dovetail" effectively with the program of the second Commission on Organization.



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WHAT THE CITIZEN CAN DO

In the preceding pages you have read the first "success story" in the long history of many efforts to reorganize the Federal Government. One failure followed another for 50 years or more. Then came the first Hoover Commission. Today 72 percent of its recommendations have been adopted—against great odds. And economies which have been estimated at \$4 billions a year are expected to result from its work.

Three major factors of equal importance made these achievements possible: (1) thorough-going and unbiased research (2) bipartisan cooperation between the Congress and the Executive Branch, and (3) the whole-hearted support of public-spirited citizens of both parties from Coast to Coast.

You, as a member of the Citizens Committee, can take real pride in this record. By joining the fight for "Better Government at a Better Price" you worked to streamline the ramshackle structure of the Executive Branch. Best of all, you helped to reverse the trend to cynicism, frustration, and indifference with which far too many Americans were coming to regard the unbridled growth of Big Government.

Today there is every reason for hoping for further achievement because:

1. The remaining major recommendations of the Hoover Commission can be brought to realization in 1954.

2. The *second* Hoover Commission, created by Congress this year, will meanwhile be shaping a Report broader in scope and more incisive than the first. With the public behind it, this Commission can make an historic new attack on extravagant and unnecessary federal operations.

The need was never greater. Dr. Robert L. Johnson, former Chairman of the Citizens Committee, said in 1950: "We cannot carry the burdens of the world on one shoulder and a burden of waste on the other. . . . Every dollar we waste is a gift to the enemies of freedom." These words are as true today as they were then—and even more urgent.

The call to action will soon be heard. You, as a citizen, can meanwhile:

1. Enroll as a member of the Citizens Committee if you have not already done so and urge your friends to enroll. (Address: Citizens Committee for the Hoover Report, 184 East 64th Street, New York 21, N. Y.)
2. Inform yourself and others concerning the issues; study this booklet and subsequent publications; watch for word concerning further action on the first Hoover Report; and follow the news of the second Commission's work.
3. Be prepared to mobilize public support for reorganization as soon as the need arises.

A NOTE ON VOLUME II

This booklet, Volume I, "Status of the Hoover Report" (1949-53), is designed to bring citizens up-to-date on the overall aspects of the subject. Volume II goes more deeply into detail concerning the disposition of the 273 specific rec-

ommendations contained in the original Hoover Commission's 19 reports to the Congress. Copies of Volume II may be obtained without charge by writing to: Research Department, Citizens Committee for the Hoover Report, 320 The Washington Building, Washington 5, D. C.

HIGHLIGHTS IN THE HISTORY OF REORGANIZATION

- July 7, 1947**—Lodge-Brown Act, passed unanimously by Congress and signed by President Truman, creates bipartisan Commission on Organization of the Executive Branch of the Government.
- Sept. 29, 1947**—First meeting of the Commission is held at White House; former President Herbert Hoover is named Chairman.
- Nov. 11, 1948**—Preliminary findings of Commission are outlined by Chairman Hoover in first press conference since beginning of research studies by "task forces."
- Jan. 13, 1949**—Commission sends Message to Congress urging passage of strong Reorganization Act
- Feb. 7, 1949**—First of 19 Commission Reports are transmitted to Congress
- April 8, 1949**—Voluntary, bipartisan Citizens Committee for the Hoover Report is organized with Dr. Robert L. Johnson, President of Temple University, as National Chairman
- June 12, 1949**—Commission disbands, returning a small surplus to the Treasury from its \$1.9 millions appropriation
- June 20, 1949**—Congress passes Reorganization Act of 1949
- July 1, 1949**—General Services Act combines four previous agencies in a new federal "housekeeping" unit.
- Aug. 10, 1949**—Military Unification Act of 1949, based on Hoover Report becomes law.
- Oct. 15, 1949**—Citizens Committee announces that 20 percent of Hoover Commission's recommendations have been adopted
- Dec. 12, 1949**—First National Reorganization Conference is held in Washington by Citizens Committee
- April 7, 1950**—First of 27 Reorganization Plans in 1950 series is submitted by President Truman (of these, 20 became effective); hearings are held in Congress on several of the 100 bills embodying Commission recommendations
- June 15, 1950**—Citizens Committee reports that 40 percent of Commission's recommendations have been adopted
- March 15, 1951**—Sweeping "Income Tax Day" program of 20 Hoover Commission bills is introduced in Congress; 20 Senate leaders of both parties join in their sponsorship
- April 30, 1951**—Reorganization of Reconstruction Finance Corporation (the only Presidential Plan submitted in 1951) is authorized by Congress
- March 14, 1952**—Sweeping reorganization of Bureau of Internal Revenue becomes law after hot Senate debate.
- May 15, 1952**—Citizens Committee suspends activity to avoid involvement in political campaigns; Dr. Johnson resigns as Chairman, succeeded by Morris Sayre. Committee reports 60 percent of Commission's recommendations adopted, predicts eventual annual economies of \$4 billions a year
- June 18, 1952**—Measure to take appointment of Postmasters out of politics is defeated in Senate after bitter floor fight
- July 8, 1952**—Republican National Convention adopts platform plank favoring further action on Hoover Report
- July 22, 1952**—Democratic National Convention also adopts platform plank urging Hoover Report action.
- Nov. 30, 1952**—President-Elect Eisenhower designates Reorganization Committee (Nelson Rockefeller, Milton Eisenhower, and Arthur S. Flemming) to study all recommendations on Federal Reorganization and prepare reorganization program for new Administration.
- Jan. 6, 1953**—Citizens Committee resumes activity with former President Hoover as Honorary Chairman and Sidney A. Mitchell as Chairman
- Feb. 11, 1953**—Congress renews Reorganization Act of 1949, extending President's powers in same form for 2 years.
- April 11, 1953**—Congress approves creation of Federal Department of Health, Education, and Welfare; this was the first of 10 Reorganization Plans submitted by the Eisenhower Administration, all subsequently approved by Congress. Most notable gain is far-reaching reorganization of the Department of Agriculture
- July 10, 1953**—President signs Brown-Ferguson Act creating new Commission on Organization similar to original Hoover Commission but with authority broadened to include the abolition of unnecessary functions and the elimination of non-essential services competitive with private enterprise... President also signs Taft-Halleck Act by which Congress creates Commission on Intergovernmental Relations (as recommended by Hoover Commission) to study duplications and overlapping of federal and state governments
- July 21, 1953**—Membership on new Commission on Organization is accepted by former President Hoover
- Sept. 23, 1953**—Citizens Committee issues this "Status Report," announcing 72 percent of original Commission's recommendations accepted, in whole or in part; Committee prepares for further action on remainder of first Hoover Commission Report and more to come from the new Commission.